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Bateson
State of
Montana, Montana
Coal Board,
Department of

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STATE OF MONTANA
MONTANA COAL BOARD
DEPARTMENT OF COMMERCE
AUDIT OF COAL BOARD GRANTS
FOR THE YEAR ENDED JUNE 30, 1993
CONDUCTED UNDER CONTRACT BY
VELTKAMP, STANNERBEIN & BATESON, P.C.

PLEASE RETURN



OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MONTANA
STATE CAPITOL • HELENA

STATE OF MONTANA
MONTANA COAL BOARD
DEPARTMENT OF COMMERCE
AUDIT OF COAL BOARD GRANTS
FOR THE YEAR ENDED JUNE 30, 1993
CONDUCTED UNDER CONTRACT BY
VELTKAMP, STANNEBEIN & BATESON, P.C.

STATE OF MONTANA

Office of the Legislative Auditor

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DEPUTY LEGISLATIVE AUDITORS:

MARY BRYSON
Operations and EDP Audit
JAMES GILLET
Financial-Compliance Audit
JIM PELLEGRINI
Performance Audit

LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

August 18, 1994

The Legislative Audit Committee
of the Montana State Legislature:

Enclosed is the report on the audit of the Montana Coal Board
subgrants for the year ended June 30, 1993.

The audit was conducted by Veltkamp, Stannebein, and Bateson under
a contract between the firm and our office. The comments and
recommendations contained in this report represent the views of the
firm and not necessarily the Legislative Auditor.

The agency's written response to the report recommendations is
included in the back of the audit report.

Respectfully submitted,

Scott A. Seacat
Legislative Auditor

MONTANA COAL BOARD
AUDIT OF COAL BOARD GRANTS
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MONTANA COAL BOARD

AUDIT OF COAL BOARD GRANTS

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MONTANA COAL BOARD

APPOINTIVE OFFICIALS

JUNE 30, 1993

<u>Name</u>	<u>Location of Residence</u>	<u>Term Expires</u>
James D. Anderson	Colstrip, MT	01-01-95
Thomas E. Finch	Butte, MT	01-01-95
Helena S. MacLay	Lolo, MT	01-01-95
G. C. (Jerry) Feda, Chairman	Glasgow, MT	01-02-97
Alan D. Evans	Roundup, MT	01-02-97
Roger Knapp	Hysham, MT	01-02-97
James Royan	Missoula, MT	01-02-97

ADMINISTRATIVE OFFICIALS - JUNE 30, 1993

Murdo A. Campbell	Administrative Officer
Richard M. Weddle	Legal Counsel
Donna Grace	Secretary

MONTANA COAL BOARD

BACKGROUND

JUNE 30, 1993

The Montana Coal Board was established in 1975 by the Montana Legislature to award grants to local governmental units and state agencies ". . . in meeting the local impact of coal development by enabling them to adequately provide governmental services and facilities which are needed as a direct consequence of coal development." (Sec. 90-6-205, MCA)

The Coal Board is composed of seven members, two of whom are residents of coal-impacted areas, two with expertise in education, and three from such fields as business, engineering, public administration, and planning.

Coal Board grants are funded by 6.65% of the Coal Severance Tax revenue paid into the local impact account.

The administrative staff of the Coal Board, assigned to the Department of Commerce for administrative purposes, is composed of an administrative officer, legal counsel and a Board secretary.

MONTANA COAL BOARD

AUDIT OBJECTIVES

JUNE 30, 1993

- (1) To conduct a financial-compliance audit of the Montana Coal Board grants for the period July 1, 1992 through June 30, 1993.
- (2) To determine if the grantees' financial statements present fairly the grant revenues and expenditures for the year ended June 30, 1993.
- (3) To review the Montana Coal Board and the grantees' compliance with applicable laws and regulations in administering the grants.
- (4) To review operating and financial controls and administration of the Montana Coal Board grants.



VELTKAMP, STANNEBEIN & BATESON

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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0327 Musselshell County/Comprehensive Planning Project for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Musselshell County pursuant to Grant No. 0327 between Musselshell County, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Musselshell County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Musselshell County pursuant to Montana Coal Board Grant No. 0327 for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein & Bateson

June 3, 1994

MONTANA COAL BOARD
MUSSELSHELL COUNTY
COMPREHENSIVE PLANNING PROJECT
GRANT NO. 0327
SPECIAL REVENUE FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant	\$ 57,942
--------------------------	-----------

EXPENDITURES

Administration, equipment and contract services	<u>57,942</u>
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EXCESS EXPENDITURES OVER REVENUE	\$ <u>-</u>
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See accompanying notes to financial statement.

MONTANA COAL BOARD
MUSSELSHELL COUNTY
COMPREHENSIVE PLANNING PROJECT
GRANT NO. 0327
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
MUSSELSHELL COUNTY
COMPREHENSIVE PLANNING PROJECT
GRANT NO. 0327
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds to develop and produce a Comprehensive Planning Document of Musselshell County consisting of a Natural Resource Inventory and Infrastructure Needs Assessment identifying the potential socioeconomic impacts directly associated with the construction and operation of the Meridian Minerals Company Bull Mountain mine project south of Roundup, MT.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by December 31, 1992.
- (3) Submission of quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0328 Yellowstone County/13th Judicial District Court Automation System for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Yellowstone County pursuant to Grant No. 0328 between Yellowstone County, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Yellowstone County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Yellowstone County pursuant to Montana Coal Board Grant No. 0328 for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein & Bateson

June 3, 1994

MONTANA COAL BOARD
YELLOWSTONE COUNTY
13TH JUDICIAL DISTRICT COURT AUTOMATION SYSTEM
GRANT NO. 0328
CAPITAL PROJECT FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant \$ 77,984

EXPENDITURES

Capital Outlay 77,984

EXCESS EXPENDITURES OVER REVENUE \$ -

See accompanying notes to financial statement.

MONTANA COAL BOARD
YELLOWSTONE COUNTY
13TH JUDICIAL DISTRICT COURT AUTOMATION
GRANT NO. 0328
CAPITAL PROJECT FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
YELLOWSTONE COUNTY
13TH JUDICIAL DISTRICT COURT AUTOMATION
GRANT NO. 0328
CAPITAL PROJECT FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Capital Project Fund.

2. PURPOSE OF GRANT

This grant provides funds for the purchase of hardware and software for a mid-range multi-user computer system for the 13th Judicial District.

3. GRANT REQUIREMENTS

- (1) Submission of invoices or receipts.
- (2) Completion of project by June 30, 1993.
- (3) Submission of quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0343 and 0351 Eastern Coal Counties Task Force/Law Enforcement Support and DARE for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of the Eastern Coal Counties Task Force pursuant to Grant No. 0343 and 0351 between the Eastern Coal Counties Task Force and DARE, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of the Eastern Coal Counties Task Force's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of the Eastern Coal Counties Task Force and DARE pursuant to Montana Coal Board Grant No. 0343 and 0351 for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein & Bateson

June 3, 1994

MONTANA COAL BOARD
EASTERN COAL COUNTIES TASK FORCE
LAW ENFORCEMENT SUPPORT
GRANT NO. 0343 AND 0351
SPECIAL REVENUE FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

	<u>DARE PROGRAM</u>	<u>TASK FORCE</u>	<u>TOTAL</u>
<u>REVENUES:</u>			
Grant No. 0343	\$ 30,000	\$ 276,569	\$ 306,569
Grant No. 0351	<u>25,383</u>	<u>17,458</u>	<u>42,841</u>
	55,383	294,027	349,410
 <u>EXPENDITURES:</u>			
Operation, education and undercover costs	<u>55,383</u>	<u>294,027</u>	<u>349,410</u>
 EXCESS EXPENDITURES OVER REVENUE			
	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

See accompanying notes to financial statement.

MONTANA COAL BOARD
EASTERN COAL COUNTIES TASK FORCE
LAW ENFORCEMENT SUPPORT
GRANT NO. 0343 AND 0351
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
EASTERN COAL COUNTIES TASK FORCE
LAW ENFORCEMENT SUPPORT
GRANT NO. 0343 AND 0351
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, these Coal Board Grants are accounted for through a Special Revenue Fund.

2. PURPOSE OF GRANT

These grants provide supportive services for the Nine County Law Enforcement Departments in the Coal Development Region of Southeastern Montana.

3. GRANT REQUIREMENTS

- (1) Submission of invoices or receipts.
- (2) Completion of project #0343 by June 30, 1993 and #0351 by December 31, 1993.
- (3) Submission of quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



VELTKAMP, STANNEBEIN & BATESON

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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0344 the City of Miles City/Library Roof Repair for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of City of Miles City pursuant to Grant No. 0344 between the City of Miles City, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of the City of Miles City's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of the City of Miles City pursuant to Montana Coal Board Grant No. 0344 for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein & Bateson

June 3, 1994

MONTANA COAL BOARD
CITY OF MILES CITY
LIBRARY ROOF REPAIR
GRANT NO. 0344
SPECIAL REVENUE FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant \$ 13,000

EXPENDITURES

Roof repair 13,000

EXCESS EXPENDITURES OVER REVENUE \$ -

See accompanying notes to financial statement.

MONTANA COAL BOARD
CITY OF MILES CITY
LIBRARY ROOF REPAIR
GRANT NO. 0344
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
CITY OF MILES CITY
LIBRARY ROOF REPAIR
GRANT NO. 0344
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for construction to replace the existing flat roof area with a new Hypalon rubber roof and repair the sloped roof area with new asphalt shingles.

3. GRANT REQUIREMENTS

- (1) Submission of invoices or receipts.
- (2) Completion of project by October 31, 1992.
- (3) Submission of monthly construction progress reports and quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



VELTKAMP, STANNEBEIN & BATESON
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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0347 Lower Musselshell Conservation District Groundwater Monitoring for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of the Lower Musselshell Conservation District pursuant to Grant No. 0347 between Lower Musselshell Conservation District, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Lower Musselshell Conservation District's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Lower Musselshell Conservation District pursuant to Montana Coal Board Grant No. 0347 for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein + Bateson

June 3, 1994

MONTANA COAL BOARD
LOWER MUSSELSHELL CONSERVATION DISTRICT
GROUNDWATER MONITORING
GRANT NO. 0347
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant

\$ 1,038

EXPENDITURES

Water Monitoring

1,038

EXCESS EXPENDITURES OVER REVENUE

\$ -

See accompanying notes to financial statements.

MONTANA COAL BOARD
LOWER MUSSELSHELL CONSERVATION DISTRICT
GROUNDWATER MONITORING
GRANT NO. 0347
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

2. PURPOSE OF GRANT

This grant provides funds to instigate and support a two year groundwater monitoring program to document hydrologic changes associated with Meridian Minerals Company's Bull Mountain Mine No. 1 south of Roundup, MT.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by October 31, 1994.
- (3) Submission of quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0348 Rosebud Conservation District/Groundwater Monitoring Continuation for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of the Rosebud Conservation District pursuant to Grant No. 0348 between the Rosebud Conservation District, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of the Rosebud Conservation District's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of the Rosebud Conservation District pursuant to Montana Coal Board Grant No. 0348 for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein & Bateson

June 3, 1994

MONTANA COAL BOARD
ROSEBUD CONSERVATION DISTRICT
GROUNDWATER MONITORING CONTINUATION
GRANT NO. 0348
AGENCY FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant	\$ 89,645
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EXPENDITURES

Water Monitoring	<u>89,645</u>
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EXCESS EXPENDITURES OVER REVENUE	\$ <u><u>-</u></u>
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See accompanying notes to financial statement.

MONTANA COAL BOARD
ROSEBUD CONSERVATION DISTRICT
GROUNDWATER MONITORING CONTINUATION
GRANT NO. 0348
AGENCY FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the department records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the grantee incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt principal and interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
ROSEBUD CONSERVATION DISTRICT
GROUNDWATER MONITORING CONTINUATION
GRANT NO. 0348
AGENCY FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the grantee in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through an Agency Fund.

2. PURPOSE OF GRANT

This grant provides funds for continued maintenance for twenty-one months and installation of one new spoils well for the existing Groundwater Monitoring Program in Rosebud and Big Horn Counties with the overall objective to provide knowledge of long-term impacts of coal mining on Eastern Montana's groundwater resources.

3. GRANT REQUIREMENTS

- (1) Funds advanced quarterly upon receipt of a written request by grantee.
- (2) Submission of approved task force claims and vendors receipts on a monthly basis to support the expenditure of advanced quarterly funds.
- (3) Completion by June 30, 1993.
- (4) Submission of quarterly progress reports.
- (5) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0352 City of Forsyth/Fire Hydrant Replacement for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of the City of Forsyth pursuant to Grant No. 0352 between the City of Forsyth, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of the City of Forsyth's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of the City of Forsyth pursuant to Montana Coal Board Grant No. 0352 for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein & Bateson

June 3, 1994

MONTANA COAL BOARD
THE CITY OF FORSYTH
FIRE HYDRANT REPLACEMENT
GRANT NO. 0352
ENTERPRISE FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant	\$ 19,976
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EXPENDITURES

Fire hydrant replacements	<u>19,976</u>
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EXCESS EXPENDITURES OVER REVENUE	\$ <u><u>-</u></u>
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See accompanying notes to financial statement.

MONTANA COAL BOARD
CITY OF FORSYTH
FIRE HYDRANT REPLACEMENT
GRANT NO. 0352
ENTERPRISE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt Principal and Interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
CITY OF FORSYTH
FIRE HYDRANT REPLACEMENT
GRANT NO. 0352
ENTERPRISE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Enterprise Fund.

2. PURPOSE OF GRANT

This grant provides funds for the replacement of 31 of the oldest corroded and mostly inoperative fire hydrants and connected valves.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by June 30, 1993.
- (3) Submission of quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0353 Colstrip Hospital District/Medical Clinic for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of the Colstrip Hospital District pursuant to Grant No. 0353 between the Colstrip Hospital District, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of the Colstrip Hospital District's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of the Colstrip Hospital District pursuant to Montana Coal Board Grant No. 0353 for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein & Bateson

June 3, 1994

MONTANA COAL BOARD
COLSTRIP HOSPITAL DISTRICT
COLSTRIP MEDICAL CLINIC
GRANT NO. 0353
GENERAL FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant	\$ 225,000
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EXPENDITURES

Capital Outlay	<u>225,000</u>
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EXCESS EXPENDITURES OVER REVENUE	\$ <u>-</u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD
COLSTRIP HOSPITAL DISTRICT
COLSTRIP MEDICAL CLINIC
GRANT NO. 353
GENERAL FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund. The grantee accounts for this grant as part of the General Fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt Principal and Interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
COLSTRIP HOSPITAL DISTRICT
COLSTRIP MEDICAL CLINIC
GRANT NO. 353
GENERAL FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the General Fund.

2. PURPOSE OF GRANT

This grant provides funds for minimization of the extended tax burden that would be required to meet the construction and equipment costs of a new medical facility to meet the expanding medical needs of the citizens of Colstrip.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by June 30, 1993.
- (3) Submission of monthly construction progress and quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0355 Lame Deer Public School District #6/Energy Conservation Project for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of the Lame Deer Public School District #6 pursuant to Grant No. 0355 between the Lame Deer Public School District #6, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Lame Deer Public School District's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of the Lame Deer Public School District #6 pursuant to Montana Coal Board Grant No. 0355, for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein & Bateson

June 3, 1994

MONTANA COAL BOARD
LAME DEER PUBLIC SCHOOL DISTRICT #6
ENERGY CONSERVATION PROJECT
GRANT NO. 0355
CAPITAL PROJECT FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant	\$ 180,000
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EXPENDITURES

Capital Outlay	<u>180,000</u>
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EXCESS EXPENDITURES OVER REVENUE	<u>\$ -</u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD
LAME DEER PUBLIC SCHOOL DISTRICT #6
ENERGY CONSERVATION PROJECT
GRANT NO. 355
CAPITAL PROJECT FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt Principal and Interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
LAME DEER PUBLIC SCHOOL DISTRICT #6
ENERGY CONSERVATION PROJECT
GRANT NO. 355
CAPITAL PROJECT FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Capital Project Fund.

2. PURPOSE OF GRANT

This grant provides funds for repairing the heating and ventilation system for the Lame Deer School District #6.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by December 31, 1992.
- (3) Submission of quarterly construction and status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0357 Yellowstone County/Youth Detention Center Expansion for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Yellowstone County pursuant to Grant No. 0357 between Yellowstone County, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Yellowstone County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Yellowstone County pursuant to Montana Coal Board Grant No. 0357 for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein & Bateson

June 3, 1994

MONTANA COAL BOARD
YELLOWSTONE COUNTY
YOUTH DETENTION CENTER EXPANSION
GRANT NO. 0357
CAPITAL PROJECT FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant	\$ 25,650
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EXPENDITURES

Capital Outlay	<u>25,650</u>
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EXCESS EXPENDITURES OVER REVENUE	\$ <u><u>-</u></u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD
YELLOWSTONE COUNTY YOUTH DETENTION CENTER EXPANSION
GRANT NO. 0357
CAPITAL PROJECT FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt Principal and Interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
YELLOWSTONE COUNTY YOUTH DETENTION CENTER EXPANSION
GRANT NO. 0357
CAPITAL PROJECT FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Capital Project Fund.

2. PURPOSE OF GRANT

This grant provides funds for expansion of the Youth Secure Detention Facility in Billings, Montana.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by June 30, 1993.
- (3) Submission of monthly and quarterly construction reports.
- (4) Submission of quarterly status reports.
- (5) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



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INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0358 Rosebud County/Landfill Construction for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Rosebud County pursuant to Grant No. 0358 between Rosebud County, grantee and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Rosebud County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Rosebud County pursuant to Montana Coal Board Grant No. 0358, for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein & Bateson

June 3, 1994

MONTANA COAL BOARD
ROSEBUD COUNTY LANDFILL CONSTRUCTION
GRANT NO. 0358
SPECIAL REVENUE FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant	\$ 14,568
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EXPENDITURES

Engineer expenditures	<u>14,568</u>
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EXCESS EXPENDITURES OVER REVENUE	\$ <u><u>-</u></u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD
ROSEBUD COUNTY LANDFILL CONSTRUCTION
GRANT NO. 0358
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt Principal and Interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
ROSEBUD COUNTY LANDFILL CONSTRUCTION
GRANT NO. 0358
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for the construction of a solid waste landfill near Colstrip, Montana.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by June 30, 1994.
- (3) Submission of monthly and quarterly construction reports.
- (4) Submission of quarterly status reports.
- (5) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



VELTKAMP, STANNEBEIN & BATESON
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

220 WEST LAMME, P.O. BOX 1965
BOZEMAN, MONTANA 59771-1965
PHONE 406-587-1277
FAX 406-587-8794

INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0359 Treasure County/Tractor/Loader/Backhoe for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Treasure County pursuant to Grant No. 0359 between Treasure County, grantee and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of Treasure County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Treasure County pursuant to Montana Coal Board Grant No. 0359 for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein & Bateson

June 3, 1994

MONTANA COAL BOARD
TREASURE COUNTY ROAD DEPARTMENT
GRANT NO. 0359
SPECIAL REVENUE FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant	\$ 36,200
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EXPENDITURES

Capital Outlay	<u>36,200</u>
----------------	---------------

EXCESS EXPENDITURES OVER REVENUE	\$ <u>-</u>
----------------------------------	-------------

See accompanying notes to financial statements.

MONTANA COAL BOARD
TREASURE COUNTY ROAD DEPARTMENT
GRANT NO. 0359
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt Principal and Interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
TREASURE COUNTY ROAD DEPARTMENT
GRANT NO. 0359
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for the purchase of a tractor/loader/backhoe for the Treasure County Road Department.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by December 31, 1992.
- (3) Submission of quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



VELTKAMP, STANNEBEIN & BATESON
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

220 WEST LAMME, P.O. BOX 1965
BOZEMAN, MONTANA 59711-1965
PHONE 406-587-1277
FAX 406-587-8794

INDEPENDENT AUDITORS' REPORT

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the accompanying statement of grant revenues and expenditures of the Montana Coal Board Grant No. 0360 Richland County/Road Scraper for the year ended June 30, 1993. This statement of grant revenues and expenditures is the responsibility of the grantee's management. Our responsibility is to express an opinion on the statement of grant revenues and expenditures based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of grant revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of grant revenues and expenditures. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared to present grant revenues and expenditures of Richland County pursuant to Grant No. 0360 between Richland County, grantee, and the Montana Coal Board, grantor, as described in Note 1, and is not intended to be a complete presentation of the Richland County's revenues and expenditures.

In our opinion, the accompanying statement of grant revenues and expenditures presents fairly in all material respects, the grant revenues and expenditures of Richland County pursuant to Montana Coal Board Grant No. 0360 for the year ended June 30, 1993, in conformity with the basis of accounting described in Note 1.

Veltkamp, Stannebein + Bateson

June 3, 1994

MONTANA COAL BOARD
RICHLAND COUNTY ROAD SCRAPER
GRANT NO. 0360
SPECIAL REVENUE FUND
STATEMENT OF GRANT REVENUE AND EXPENDITURES
FOR THE PERIOD FROM JULY 1, 1992 THROUGH JUNE 30, 1993

REVENUE

Montana Coal Board Grant	\$ 50,000
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EXPENDITURES

Capital Outlay	<u>50,000</u>
----------------	---------------

EXCESS EXPENDITURES OVER REVENUE	\$ <u><u>-</u></u>
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See accompanying notes to financial statements.

MONTANA COAL BOARD
RICHLAND COUNTY ROAD SCRAPER
GRANT NO. 0360
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statement has been prepared on the modified accrual basis of accounting, as defined by generally accepted accounting principles. In applying the modified accrual basis, the grantee records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable.

b. Basis of Presentation - Fund Accounting

The grantee uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The grantee uses the following funds:

Governmental Funds

General - to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Debt Service Fund - to account for accumulated resources for the payment of General Long-Term Debt Principal and Interest.

Capital Projects Fund - to account for resources used for purchase or construction of major capital facilities.

Proprietary Funds

Internal Service Fund - to account for providing goods or services to other agencies or departments on a cost-reimbursement basis.

MONTANA COAL BOARD
RICHLAND COUNTY ROAD SCRAPER
GRANT NO. 0360
SPECIAL REVENUE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund - to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; or (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. (Agency Funds, Expendable Trust Funds, Nonexpendable Trust Funds, Pension Trust Funds)

As noted above, this Coal Board Grant is accounted for through the Special Revenue Fund.

2. PURPOSE OF GRANT

This grant provides funds for the purchase of a 1992 CAT Scraper Model 627E for the Richland County Road Department.

3. GRANT REQUIREMENTS

- (1) Submission of invoices, receipts, or certified contractors' reports.
- (2) Completion by June 30, 1993.
- (3) Submission of quarterly status reports.
- (4) Submission of project completion report.

The grantee was in compliance with all significant grant requirements as of June 30, 1993.



County of Musselshell

ROUNDUP, MONTANA

JANE E. MANG
Clark & Recorder
MARY C. NELSON
Treasurer
Supt. of Schools
Associates
G. PAUL SMITH
Sherriff
VICKI KIMBERLY
County Attorney
DONNA C. ROBERTS
Clerk of District Court
JOHN DAE
Coroner
COLLETTA V. MARSHALL
Public Administrator
ROBERT E. MIHALOVICH
Justice of the Peace

BOARD OF COUNTY COMMISSIONERS
SUE M. OLSON
KELLY GEBHARDT
BRYAN W. ADOLPH

July 8, 1994

Veltkamp, Stannebein and Bateson, P.C.
P.O. Box 1965
Bozeman, MT 59715

Attn: Stefani S. Freese

We are in receipt of your draft copy of the audit report
relative to the Montana Coal Board Project #0327.

Please be advised that Sue M. Olson does concur with your
report.

Sincerely,

Sue M. Olson

Sue M. Olson
Musselshell County Commissioner

County of Yellowstone



FINANCE

(406) 256-2793

Box 35003
Billings, MT 59107

July 5, 1994

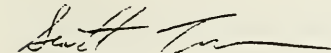
Veltkamp, Stannebein and Bateson, P.C.
P.O. Box 1965
Bozeman, Montana 59715

Attn: Stefani S. Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0328 and 0357.

Please be advised that Yellowstone County does concur with your report.

Sincerely,


Scott Turner
Finance Director

ATTORNEY GENERAL
STATE OF MONTANA

Joseph P. Mazurek
Attorney General



Department of Justice
215 North Sanders
PO Box 201401
Helena, MT 59620-1401

July 8, 1994

Veltkamp, Stannebein and Bateson, P.C.
P.O. Box 1965
Bozeman, MT 59715

Attn: Stefani S. Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #343 and 351.

Please be advised that the Department of Justice does concur with your report, except the DARE portion which we did not account for.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joseph P. Mazurek".

Joseph P. Mazurek
Attorney General



Dare to Keep Kids Off Drugs

Eastern Coal Counties
Task Force
D.A.R.E. Program
415 North 30th
Room 301
Billings, MT 59101

DARE Office
(406) 255-3797

July 1, 1994

Veltkamp, Stannebein and Bateson, P.C.
P.O. Box 1965
Bozeman, MT 59715

Attn: Stefani S Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board project #343 & #352.

Please be advised that The Eastern Coal Counties Task Force D.A.R.E. Program does concur with your report.

Sincerely,

Cheryl Davis
Project Director



Lower Musselshell Conservation District

109 Railway East
Roundup, Montana 59072

July 6, 1994

Veltkamp, Stannebein and Bateson, P.C.
P.O. Box 1965
Bozeman, MT 59715

Attn: Stefani S. Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0347.

Please be advised that Lower Musselshell Conservation District does concur with your report.

Sincerely,

Michelle Martin
District Clerk

mlm

ROSEBUD CONSERVATION DISTRICT

P.O. Box 1200
FORSYTH, MONTANA 59327
(406) 356-7479

July 5, 1994

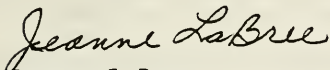
Veltkamp, Stannebein and Bateson, P.C.
P.O. Box 1965
Bozeman, MT 59715

Attn: Stefani S. Freese:

We are in receipt of your draft copy of the audit report
relative to the Montana Coal Board Project #0348.

Please be advised that the Rosebud Conservation District
does concur with your report.

Sincerely,



Jeanne LaBree
Administrative Secretary

City of Forsyth

State of Montana

P.O. Box 226

Forsyth, Montana 59327-0226

(406) 356-2521

OFFICE OF: City Clerk-
Treasurer

July 15, 1994

Veltkamp, Stannebein and Bateson, P.C.

P.O. Box 1965

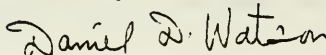
Bozeman, MT 59715

ATTN: Stefani S. Freese:

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0352.

Please be advised that the City of Forsyth does concur with your report.

Sincerely,



Daniel D. Watson, CMC
City Clerk-Treasurer

cc: Mayor, Council, Files

**COLSTRIP MEDICAL DISTRICT
P. O. BOX 128
COLSTRIP, MT 59323-0128**

July 26, 1994

VELTKAMP, STANNEBEIN AND BATESON, P.C.
220 W. LAMME, SUITE 3A
P.O. BOX 1965
BOZEMAN, MT 59715

Attn: Stefeni S. Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0353.

Please be advised that the Colstrip Medical District does concur with your report.

Sincerely,

Nichelle Bledsoe, Treasurer



Lame Deer Public School

District No. 6

Rosebud County

P.O. Box 96

Lame Deer, Montana 59043

Phone: (406) 477-6305

July 1, 1994

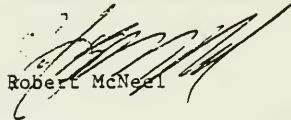
Veltkamp, Stannenbein and Bateson, P.C.
P.O. Box 1965
Bozeman, Montana 59715

Attn: Stefani S. Freese

We are in receipt of your draft copy of the audit report
relative to the Montana Coal Board Project #0355.

Please be advised that Lame Deer does concur with your report.

Sincerely,



Robert McNeel

Rosebud County

Forsyth, Montana 59327



Commissioners:
Donald Bailey
Mark Pinkerton
Duane C. Martens

Clerk & Recorder:
Geraldine Nile

Treasurer:
Sharon Lincoln

Clerk of District Court:
Manlyn Hollister

Assessor:
Donna Kennedy

Attorney:
John Forsythe

Superintendent of
Schools:
Sharyn Thomas

Justice of the Peace:
David J. Polley - Forsyth
Ann Wagner - Colstrip

Sheriff:
Kurt Seward

June 29, 1994

Veltkamp, Stannebein & Bateson, P.C.
P. O. Box 1965
Bozeman, Mt. 59715

Attn: Stefani S. Freese

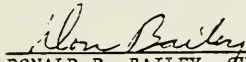
Dear Stefani:

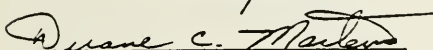
We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0358.

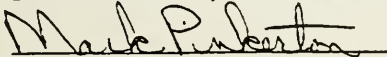
Please be advised that the Rosebud County Commissioners concur with your report.

Sincerely,

ROSEBUD COUNTY COMMISSIONERS


DONALD P. BAILEY, CHAIRMAN


DUANE C. MARTENS, VICE-CHAIRMAN


MARK PINKERTON, MEMBER

RCC/mw

COUNTY COMMISSIONERS

OFFICE OF

~~M. S. O'CONNOR~~ Joel Ottun

GEORGE CRAMER
OLE REDLAND

County Clerk & Recorder

OF TREASURE COUNTY

Telephone — 342-5547

P.O. Box 392

HYSHAM, MONTANA 59038

LaVON ADAIR
County Clerk and Recorder/
Clerk of District Court

June 29, 1994

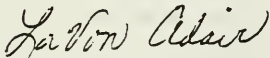
Veltkamp, Stannebein and Bateson, P.C.
P. O. Box 1965
Bozeman, MT 59715

Attn: Stefani S. Freese

We are in receipt of your draft copy of the audit report relative to the Montana Coal Board Project #0359.

Please be advised that Treasure County does concur with your report.

Sincerely,



LaVon Adair
County Clerk and Recorder

COUNTY OF RICHLAND

Office Of
COUNTY COMMISSIONERS
201 West Main - Sidney, Montana 59270
406-482-1706 FAX 406-482-3731

DWIGHT E. THIESSEN, Chairman
WARREN E. JOHNSON, Vice Chairman
GLORIA PALADICHUK, Member

ELMINA COOK, Clerk

JUNE 30, 1994

VELTKAMP, STANNEBEIN AND BATESON, P.C.
P.O. BOX 1965
BOZEMAN, MT 59715

ATTN: STEFENI S. FREESE

WE ARE IN RECEIPT OF YOUR DRAFT COPY OF THE AUDIT REPORT RELATIVE TO
THE MONTANA COAL BOARD PROJECT #0360.

PLEASE BE ADVISED THAT RICHLAND COUNTY DOES CONCUR WITH YOUR REPORT.

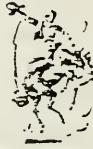
SINCERELY,

SIGNED: Dwight E. Thiesen
DWIGHT E. THIESSEN, CHAIRMAN
RICHLAND COUNTY COMMISSION

DATE: JUNE 30, 1994

CITY OF MILES CITY

P.O. Box 910
17 S. 8th Street
Miles City, Montana 59301
(406) 232-3462
(406) 232-2903 (FAX)



"Cow Capital of the World"

MAYOR:
George T. Kurkowski
COUNCIL PERSONS:
David Atkinson
Jerry Backlund
Paul Bergman
Sharon Kearnes
Douglas Mangen
LeRoy Meidinger
Karl Muri
Ruben Oberlander

August 4, 1994

Ms. Stefani S. Freese
Veltkamp, Stannebein and Bateson, P.C.
P. O. Box 1965
Bozeman, MT 59771-1965

Dear Stefani:

As my budget process progressed, I finally uncovered a great deal of my desk and in doing so I found your letter of 6/27/94 and your draft copy of the audit report relative to the Montana Coal Board Project #0344.

Pleased be advised that the City of Miles City does concur with your report.

Thank you for your patience.

Sincerely,
City of Miles City

A handwritten signature in cursive script, reading "Patricia D. Huss". The signature is written in dark ink and is positioned above the printed name of the signatory.

Patricia D. Huss
City Clerk



VELTKAMP, STANNEBEIN & BATESON
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

220 WEST LAMME, P.O. BOX 1965
BOZEMAN, MONTANA 59771-1965
PHONE 406-587-1277
FAX 406-587-8794

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE-RELATED MATTERS NOTED IN A FINANCIAL
STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the statement of grant revenues and expenditures of the various grantees of the Montana Coal Board for the year ended June 30, 1993, and have issued our reports thereon dated June 3, 1994.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audits of the financial statements of the various grantees of the Montana Coal Board for the year ended June 30, 1993, we considered their internal control structures in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The various grantees and the Montana Coal Board are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by administrative officials are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide the administrative officials with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with the administrative officials' authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories: Cash disbursements, cash receipts, payroll, and grants.

For all of the control categories listed above, we obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Legislative Audit Committee of the Montana State Legislature and the Montana Coal Board. However, this report is a matter of public record and its distribution is not limited.

Veltkamp, Stannebein + Bateson

June 3, 1994



VELTKAMP, STANNEBEIN & BATESON

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

220 WEST LAMME, P.O. BOX 1965

BOZEMAN, MONTANA 59771-1965

PHONE 406-587-1277

FAX 406-587-8794

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH APPLICABLE STATE AND FEDERAL LAWS AND REGULATIONS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS ISSUED BY THE GAO

The Legislative Audit Committee of
the Montana State Legislature and
the Montana Coal Board

We have audited the statement of grant revenues and expenditures of the various grantees of the Montana Coal Board for the year ended June 30, 1993, and have issued our reports thereon dated June 3, 1994. We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Montana Coal Board is the responsibility of the Montana Coal Board's and the grantees' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Montana Coal Board and the grantees' compliance with certain provisions of laws, regulations, contracts, and grants. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the Montana Coal Board and the grantees complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Montana Coal Board and the grantees had not complied, in all material respects, with those provisions.

This report is intended for the information of the Legislative Audit Committee of the Montana State Legislature and the Montana Coal Board. However, this report is a matter of public record and its distribution is not limited.

Veltkamp, Stannebein & Bateson

June 3, 1994

